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ABSTRACT

Southern Regional Education Board (SREB) states are implementing policies that provide incentives to attract and retain teachers and increase student performance. Every state has unique priorities. This report includes a framework for thinking about priorities for a state based on the SREB's teacher supply and demand research (reducing new teacher turnover, preparing teachers sufficiently, attracting teachers back into teaching, and keeping veteran teachers); examples of teacher incentive programs that are attracting and retaining teachers in SREB states (advanced certification, coaching and mentoring and shortage-area incentives); the history of pay-for-performance for teachers, with lessons from the 1980s and 1990s (e.g., teachers prefer pay for additional work rather than pay based on performance, evaluation of teachers must be perceived as fair, and district pilot programs rarely work in the performance pay area); and a review of school-level incentive programs that support state accountability programs (how states determine awards and funding and distribution of school incentives). Finally, the report discusses how states can ensure that every student has a quality teacher. Questions to help policymakers determine what is working and what is not working are included. (SM)

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Quality Teachers:

Can Incentive Policies Make a Difference?

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This report was prepared by Lynn M. Cornett, senior vice president, and Gale F. Gaines, director of legislative services.

Quality Teachers:

Can Incentive Policies Make a Difference?

What can your state do:

... *to prepare diverse and qualified teachers to meet the needs of your state?*

... *to attract the most qualified to teach in your state's schools — especially in remote areas and in low-performing schools?*

... *to keep teachers in the classroom, especially during the critical first five years of teaching?*

... *to anticipate the shifting patterns of teacher supply and demand?*

... *to reward teachers for improving student performance?*

... *to reward and support teachers to be up-to-date on what they teach and how they teach it?*

Across the region, SREB states are implementing policies that provide incentives to attract and retain teachers and increase student performance. Incentives are helping states recruit new teachers into the workforce, attract persons from outside education, retain teachers in the classroom and support accountability programs that focus on school-by-school efforts to boost student achievement.

Every state has unique priorities and will have somewhat different answers to these questions. To target incentive policies most effectively you must first understand your state's needs and problems. You also may benefit from the research and policy experiences of other states in the region.

This report includes:

- A framework for thinking about priorities for your state based on SREB's extensive teacher supply-and-demand research.
- Examples of teacher incentive programs that are attracting and retaining teachers in SREB states.
- The history of pay-for-performance for teachers, with lessons from the 1980's and 1990's.
- A review of school-level incentive programs that support state accountability programs.

The First Priority: Reducing New-Teacher Turnover

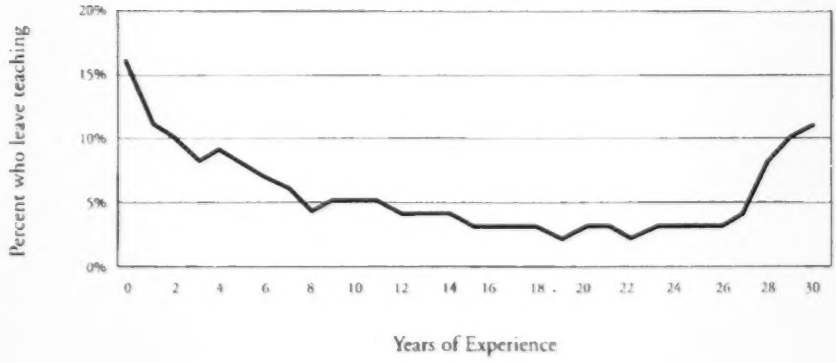
If states can create incentives that reduce teacher turnover, many fewer teachers will have to be replaced. The research on teacher turnover is crystal-clear, and the patterns are consistent from state to state.

The patterns reveal a need to focus incentives on the early years of teaching. About 12 to 20 percent of teachers in their first year of teaching are leaving the classroom. Among new teachers in Tennessee with no previous experience, 36 percent leave within the first four years and 42 percent leave within five years. Similar turnover occurs in other states. In Oklahoma, 13 percent of first-year teachers left in 2000. Oklahoma teachers with eight years of experience are leaving at a rate of only five percent, showing clearly that policy attention in early years is important. Georgia reports first year teachers leave at a rate of 15 percent; South Carolina 12 percent; North Carolina 13 percent; and Texas 19 percent.

Sound state policy begins with an awareness of these abnormally high turnover rates in the first five years of teaching. But there's more to the policy equation. States also need to understand their overall supply of teachers and how policies might be targeted to different layers of the teacher pool. These "layers" include new graduates; qualified individuals who have left teaching; and, most importantly, teachers who taught last year and are eligible to return.

Figure 1

WHEN TEACHERS LEAVE



The overall supply of teachers is often misunderstood. Supply and demand discussions too often address only the number of new graduates. But new graduates are a small portion of the teachers hired every year. As an example, Figure 2 shows the patterns in Oklahoma and Tennessee. In any year, 90 percent of teachers remained in the classroom from the previous year. Another four percent were former teachers returning to teaching jobs. Just six percent were new teachers with no experience. As states develop effective recruitment and retention policies, policymakers need to attend to the special characteristics of each group.

New Graduates: More is not enough

Too often the challenge is not simply preparing more teachers, but preparing the teachers we need. Are states attracting a sufficiently diverse group of persons to teach in the public schools? Are colleges and universities preparing enough teachers in the right subject areas? And do states have an adequate supply of teachers who are prepared and willing to teach in particular geographic areas and in the most challenging classrooms?

Supply and demand studies undertaken by SREB over the last decade point to several disconnects.

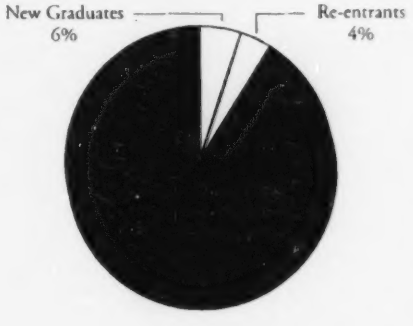
Diversity in the teacher supply pool

How varied are the people who enter teacher education? Do they reflect the diversity of our states? What is the typical profile of someone graduating from traditional undergraduate baccalaureate programs?

Across the region, program graduates continue to be overwhelmingly white and female. In Tennessee in 2000, for every one black male in a teacher education program there were 10 black females, 15 white males and 65 white females. This pattern is repeated from state to state. In 1998, 18 percent of total teacher education graduates in South Carolina were African-American; in Florida, 26 percent were minority. In Maryland, 16 percent of all teacher education graduates were minority in 2000.

Figure 2

SUPPLY OF TEACHERS



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Studies show that alternative teacher preparation programs, such as the Texas Alternative Certification Program, provide greater percentages of minority teachers for the workforce. In Texas, 41 percent of participants completing the program are minority.

Qualified teachers in high-demand subjects and specialties

Do state policies support a balance between the workforce demands of school systems and the supply of various kinds of teachers? Are new graduates being prepared in the subjects and specialties schools need most?

To make sure teaching incentives are on-target, state policymakers need to know how many persons are being prepared in each specialty and subject area — and also how many graduates in each area actually become classroom teachers. When states examine these questions closely, they typically find patterns of over- and under-supply. These patterns, which can shift over time, are influenced not only by the personal preferences of teachers-in-training (e.g., elementary over special education; social studies over math or science; teach near home or move away), but also by student population trends and related factors.

Across the region, almost half of all teachers hired are assigned to elementary classrooms. Every SREB state prepares large numbers of elementary-certifiable graduates — so many, in fact, that the supply of elementary teachers typically outstrips the demand **statewide**. Yet local shortages still occur, especially in urban or remote areas. Teachers who **do** accept positions in these areas often are not trained to work effectively in inner city or rural schools and have high turnover rates.

While elementary teacher shortages have more to do with distribution than supply, most states do suffer from some chronic supply problems in other areas. For example, states historically have prepared too few graduates in mathematics, science and special education, forcing up the numbers of under-prepared teachers hired when fully qualified individuals are not available.

States also experience "swells" of students moving through grades K-12. As these swells roll through middle and high school, most states find they are undersupplied with teachers trained to work with these age groups, especially in subjects like math and science.

Clearly, state policymakers need to ask: *What incentives exist for colleges and universities to focus on meeting the well-documented and predictable needs of every type of public school, in every setting and at various points in time?*

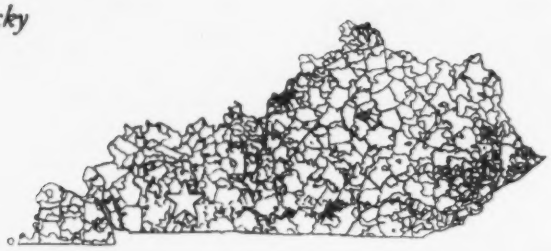
New teachers take jobs close to home

New graduates tend to take jobs in school districts close to the college or university from which they graduate. Many want to live near home; others may have established personal ties in their college communities. Whatever the reasons, this tendency of grad-

uates to cluster around their alma maters contributes to an uneven distribution of the new-graduate teacher supply. Statewide policies or incentives to change this pattern may or may not work. On the other hand, states might be able to use this pattern to their advantage, for example, by supporting school-college partnerships that promote quality teacher preparation programs in high-need areas.

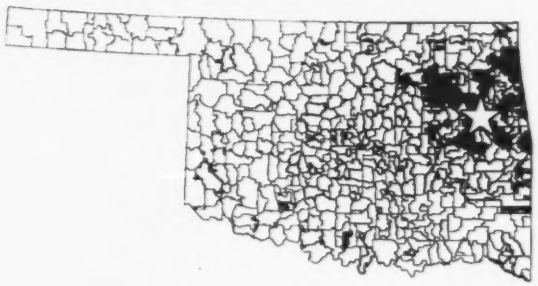
TEACHERS TAKE JOBS CLOSE TO HOME

Kentucky



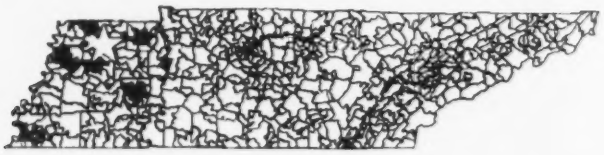
Western Kentucky University

Oklahoma



Northeastern State University

Tennessee



University of Tennessee - Martin

Darkest shades show geographic areas where more new graduates are teaching.

Attracting Teachers Back into Teaching

About one in five teachers returns to the classroom after leaving, typically within two years. A state's "reserve pool" (usually described as the total number of certified teachers in a state not currently employed as teachers) is often murky and difficult to tap. The deep end of the reserve pool usually holds those former teachers who are certified in over-supplied fields. In Tennessee for instance, more than 16,000 teachers in the "reserve pool" have endorsements in elementary school teaching, but only about 1,000 have endorsements in mathematics.

Will teachers return to the classroom? Before policymakers can fashion incentives that might lure former teachers back, they need hard information about why teachers left and whether new state policies are likely to influence them to resume teaching careers. Arkansas, Florida, North Carolina and South Carolina have researched their teacher reserve pools, probing for answers that can help shape policy. In Florida, a study of teachers certified in shortage areas (like science and mathematics) but not currently teaching found that 81 percent did not plan to return to the classroom. In Arkansas, a study showed that 50 percent of those certified but not teaching had actually applied to teach again but were not hired. Of that group, about half said they were no longer available to return to the classroom.

When teachers in these studies were asked why they left, about a third cited personal reasons. Smaller percentages left because of salary, although salary issues almost always ranked in the top few reasons. "Lack of support in the school" typically fell in the middle between personal reasons and salary. In a North Carolina study, for example, 29 percent of the teachers left for personal reasons, 20 percent were dissatisfied and 14 percent were disappointed in salary.

Recent studies across several states suggest that **substantial** pay increases might convince teachers to return to the classroom. In Florida, it was $10,000. In Arkansas, it was $8,000. The studies also suggest that some teachers might be lured back by improvements in working conditions. Former teachers cited the need for smaller class size, more discipline and better leadership. Teachers in their beginning years were most likely to point to a lack of mentoring and other new-teacher support as a reason for leaving.

Veteran Teachers Tend to Stay

Day in and day out, year after year, some 90 percent of teachers remain in teaching. After five years, teacher turnover rates taper off, averaging around five percent for teachers with 6-8 years experience and remaining in that range until teachers begin to retire at around 20 years. Given these high retention rates, incentive program policies for this large group of teachers do not need to focus on retention per se, but rather on issues of quality and professional growth. If teachers are unlikely to be replaced, it makes good

policy sense to raise their skills and knowledge to the highest levels possible. In addition, as veteran teachers approach eligibility for retirement, they are more likely to remain in the workforce if they are experiencing success with their students. And states and school systems have a vested interest in keeping successful, veteran teachers on the job.

Addressing the professional development needs of this large group of continuing teachers is a pressing policy issue in every state. Evidence suggests that most veteran teachers do not get the support they need to stay up-to-date on the content they teach or the strategies that are most effective in teaching various content. For example, data from SREB states who participate in the National Assessment of Educational Progress show that middle grades math teachers need over 16 hours of professional development each year in their content areas to realize an improvement in student achievement. Yet only 5 percent of the teachers had received 16 or more hours of content help in a year.

Incentive Programs in the SREB States to Attract and Retain Teachers

Across the region, states have an uneven supply and distribution of teachers, and they continue to experience shortages in certain subjects and teaching specialties. Effective state policies not only must attract quality teacher candidates, they must provide incentives for individuals to select teaching roles that meet the staffing needs of every school. At the same time, state policies must encourage teacher retention and motivate teachers to continue developing professionally. SREB states are taking a variety of actions designed to satisfy these joint policy agendas.

Attracting New and Veteran Teachers

Traditionally, states across the region and nationally have operated teacher recruitment centers or state recruitment efforts. Most SREB states also have created scholarship and forgivable loan programs to attract prospective teachers and to allow current teachers to upgrade their education and skills. These programs usually require the award recipient to commit to teach for a certain number of years.

Some states are working to fill vacancies by tapping alternative sources of teachers. These sources can include part-time teachers. South Carolina, for example, offers access to health insurance for teachers teaching part-time. Mississippi has changed its retirement laws to allow retirees, including teachers, to work up to one-half time.

Career-changers are another alternative source of new teachers. Alternative certification programs have been in place for some time — most requiring basically the same preparation as traditional teacher education programs. Newer programs that offer accel-

erated preparation are beginning to appear. In Georgia, for example, the Teacher Alternative Preparation Program trained nearly 800 career-changers in an intensive summer session during 2001. (Several hundred had to be turned away for lack of spaces.) Beginning in the fall, nearly all of those reported to Georgia classrooms where they received additional support from mentors and university faculty. Other states, including Florida and Texas, are planning to implement new programs for career-changers, and Virginia has expanded its program.

Retirees returning to the classroom are another alternative source of teachers. Retirement experts say it is not uncommon for retirees to take a short break from work and then reenter the workforce. Twelve SREB states allow retired teachers to continue collecting retirement benefits while they return to full-time work. The remaining four states (Alabama, Delaware, Georgia and Mississippi) allow retirees to serve as part-time or substitute teachers and continue receiving their retirement benefits but have no provision for full-time service. These policies are attracting older, experienced teachers in a number of states. For example, during 2000-2001 nearly 400 retirees returned to North Carolina classrooms and more than 500 returned to teaching in South Carolina.

These efforts are new and have potential, but states need to assess their effectiveness at drawing the **quality** teachers needed to meet educational goals and priorities.

Incentives to Help Retain Teachers

Many states are offering incentives to individual teachers to take on additional duties or gain additional expertise. These programs address state needs and priorities and also provide opportunities for teachers to find new challenges and earn additional pay. Many of these programs are fairly new and none have been carefully evaluated to determine their impact on quality teaching and learning. (Evaluation is often the least emphasized aspect of initiating programs.) What is available are preliminary participation numbers that show teacher interest in these efforts.

Advanced certification

SREB states are leading the way in encouraging teachers to earn certification through the National Board for Professional Teaching Standards. National Board Certified teachers must meet high standards of practice and demonstrate their skills and knowledge through examination, portfolios and video demonstration lessons. This is an example of a program that provides career development for veteran teachers and also creates a valuable resource that can help schools meet state needs and priorities.

In 2000-2001, the SREB states produced 71 percent of the teachers who received national certification. Since the inception of the program, 59 percent of all teachers who have earned NBPTS certification are in SREB states, even though the SREB states

account for only 37 percent of teachers nationally. Six SREB states (Florida, Georgia, Mississippi, North Carolina, Oklahoma and South Carolina) are in the top 10 nationally. Nearly all SREB states provide financial assistance for teachers seeking national certification and pay annual bonuses (ranging from $2,000 to $7,500) to those who earn the credential.

Some states also offer opportunities and incentives for teachers to achieve advanced state certification. In Maryland, over 2,700 teachers who have earned advanced certification have committed to teach in low-performing schools for three years. These teachers receive annual bonuses of $2,000. As a part of North Carolina's accountability efforts, teachers with the state's masters/advanced competency certificate receive a 10 percent pay increase. In Texas, 255 master reading teachers received $5,000 annual bonuses to teach reading and to assist other teachers improve the teaching of reading in schools. Two similar efforts are under development in Texas — one for master math teachers and one for master technology teachers.

Coaching and mentoring

Several states, including Alabama, Kentucky, Louisiana, North Carolina, South Carolina and Tennessee, have developed a "distinguished educator" program for veteran teachers. These educators work with administrators and teachers in low-performing schools to improve student achievement. Kentucky's program originated in the 1990 Kentucky Education Reform Act. Participants are on loan to the state for three years and are paid 135 percent of their regular salary. When they return to their districts, they often serve as a resource to assist with district goals and priorities.

Most states in the region designate a small percentage of teachers (usually less than 10 percent) to serve as mentors to new or veteran teachers. The recent SREB report, "Reducing Your Losses," found that 10 SREB states support the assignment of mentors to new teachers. Mentors are often selected based on experience and recognized excellence and usually receive additional pay ranging from about $300 to $1,000. These programs serve two purposes: first, they provide support for new teachers, helping them maneuver the early difficult years of teaching; and second, they provide career advancement for veteran teachers.

Across the region, mentor programs vary widely from district to district. Variables include the amount of time and support new teachers receive, the level of formality in the relationship, and the qualifications of mentors. To strengthen programs, states including Delaware, Kentucky, Louisiana, North Carolina, Oklahoma, Virginia and West Virginia have established or are establishing formal training programs for mentors. South Carolina is developing criteria for the selection of mentors.

Shortage-area incentives

A few states have policies designed to attract teachers to shortage areas. Florida and Georgia adopted efforts to provide bonuses to qualified teachers who teach high-need subjects or in geographic areas with a shortage of teachers, though neither state currently is offering the bonuses. Florida also has offered bonuses for teaching in low-performing schools. Louisiana adopted a similar measure during the 2001 legislative session. In North Carolina middle and high school teachers can earn an $1,800 bonus if they are certified in math, science or special education and agree to teach in low-performing schools — or in schools with a high percentage of students from low-income families.

The Mississippi Critical Teacher Shortage Act of 1998 is probably the best example of a program that is drawing teachers to a geographic shortage area. The program provides bachelor's- and master's-degree scholarships, pays expenses for teachers moving into the Delta, and offers assistance with down payments for homes. As of last year, there were over 1,000 prospective teachers receiving scholarships and 175 Delta teachers pursuing master's degrees through the program. Over the first three years, nearly 400 teachers received help with moving expenses. During 2000-2001, 67 teachers were fulfilling their service requirement for their undergraduate scholarships in Delta classrooms. Sixteen teachers had completed their service requirements and of those 16, all elected to continue teaching in the Delta.

Performance Pay for Teachers: What Works and What Doesn't?

Performance pay for teachers made sense to political and business leaders in the 1980s. They assumed it would be easy to implement programs that "paid good teachers more for doing a good job." They were wrong. Performance pay for teachers was problematic in the 1980s and 1990s, and most states abandoned their experiments. Now, as we surge into a new decade, states and districts are once again looking for effective policies to reward high-quality teachers.

SREB spent more than a decade from the mid-1980s through the mid-1990s tracking performance incentive programs in states across the nation. There are lessons learned from the past as policymakers consider pay-for-performance once again.

A Brief History of Performance Incentive Programs for Teachers

During the early 1980s, there was heightened concern about the quality of the teaching force. The debate was fueled by teacher shortages in areas like mathematics and science, and by studies that suggested teaching was not attracting "the best and the brightest." Although the school reform landscape has changed considerably in the last two decades, these core issues — quality teachers and enough of them — have persisted.

Twenty years ago, the interest in reward programs for teachers was high in the SREB states and across the nation in both the education and political communities. Two questions were being asked that are resurfacing today:

1. "Can incentive systems be devised that will strengthen the performance of teachers and improve the achievement of students?"
2. "Can such systems make teaching more attractive and rewarding — and more professional?"

By 1984, six states had developed statewide career ladder programs and were beginning to implement them (Arizona, Missouri, North Carolina, Tennessee, Texas and Utah). These programs created career steps for teachers based on evaluations of their teaching and (usually) years of experience. Several states called for student achievement to be included in the criteria to move up the ladder, but only Arizona had a program with student achievement measures central to a teacher's evaluation.

Florida enacted a short-lived merit pay program in the mid-1980s. Teachers who ranked in the top 20 percent on the teacher certification test and on-the-job evaluations were eligible to receive merit pay. Only about 10 percent qualified under these criteria, and support for the program quickly waned.

Fifteen other states also were exploring the possibility of teacher incentive programs. The South Carolina Education Improvement Act of 1984 included three incentive programs: one for teachers, one for principals and one based on school performance. All programs focused on student achievement as the primary criterion. The school incentive program remained in place through the 1990s, but the teacher and principal components were never fully implemented.

By 1994, of the original six states with career ladder plans, only Arizona, Missouri, Tennessee and Utah continued to support their programs. North Carolina and Texas discontinued programs and never fully funded a statewide career ladder program. The downturn in state economies was widespread, and since most programs were added on top of the normal teacher salary schedule, they were vulnerable to funding cuts.

North Carolina's plan was suspended because of difficulties in implementing a complex teacher evaluation system. Texas implemented the first two levels of its program, in which 90 percent of teachers qualified. Texas never moved to implement the top rungs of its proposed career ladder. The cost of paying 90 percent of teachers a bonus and

skepticism that 9 out of 10 merited bonuses for outstanding performance were reasons that Texas discontinued the program in 1993.

The Tennessee program remained in existence until the late 1990s, although a proposal to include student achievement in the evaluation of teachers was never realized in the program. A 1992 law created a system to reward schools and ultimately individual teachers based on the achievement of their students. The "value-added" program was never implemented for individual teachers — it became controversial and ultimately unworkable. The Missouri Career Ladder program remains today. Two-thirds of the state's districts participate and educators can move to Level III and earn $5,000. Of those teachers who participate, 49 percent are at the top level. The Utah Career Ladder program continues with almost half of the funding to pay teachers for extra contract days; 10 percent goes to performance bonuses based on student achievement.

The Arizona career ladder plan, which called for districts to completely restructure pay schedules, remains in place today. A complete restructuring of teacher compensation was said to be key to the stability of Arizona's plan. Arizona policymakers resisted the almost irresistible urge to layer quality incentives on top of a traditional pay plan that compensated teachers based on degrees or years of experience.

While many incentive plans based on individual teacher performance arrived at policy "dead ends" in most states that tried them, incentive plans aimed at whole-school performance have fared somewhat better over the last two decades.

A shift in state education reform agendas in the late 1980s and 1990s to a focus on school-by-school results and gains in student achievement led to changes in incentive programs. Whole-school incentive programs became part of accountability legislation that rewards either schools or staff in schools for meeting school-wide performance criteria or making gains toward targets. In 1994, six states (Georgia, Indiana, Kentucky, North Carolina, South Carolina and Texas) had reward programs in place. By 2001, 21 states across the nation — including 12 SREB states — were implementing and funding school incentive programs.

What We've Learned About Pay-for-Performance Plans

The difficulties encountered by states as they tried to implement a good idea — performance pay for teachers — offer some valuable lessons for today's policymakers as they continue the search for ways to improve teacher quality and restructure the teacher workforce to meet the needs of all students and schools.

Two clear messages emerge from the first large-scale effort to tie pay to performance:

- Changing the structure of work for teachers and how they are paid is very difficult to accomplish. Ted Sizer's often-quoted observation applies here: "Things remain the same because it impossible to change very much without changing most of everything." Any new policy that requires major change is an easy target for organized resistance.

- Teachers need to be more involved in the development of any program that seeks to tie financial rewards to individual performance. A new teacher compensation system will not succeed without a critical mass of teachers who "buy in."

Key lessons from state efforts to reward teachers in the 1980s and 1990s

1. *Teachers prefer pay for additional work rather than pay based on performance.* Surveys indicate a clear preference for "extra pay for extra work." Pay for performance requires that teachers be sorted or graded in some way, and the majority of teachers resist this concept.

2. *Teachers who participate in performance-pay programs are positive; those who do not are negative.* Teachers who chose to participate in career-ladder and similar incentive programs were more positive about performance pay as a result of the experience.

3. *Evaluation of teachers must be perceived as fair.* Serious philosophical differences emerged among teachers and principals about whether teachers should be paid for performance. These conflicts, which often centered on how "high performance" would be determined, doomed programs from the beginning. While a state can develop a comprehensive evaluation system for teachers that is fair, rigorous and reliable — everything it needs to be in a technical sense — there is another problem. The evaluation of teachers must be *perceived* as fair. Studies at the time reported that up to 80 percent of teachers thought they were top 20-percent performers. **So long as this kind of mindset persists, any pay-for-performance program built on an evaluation of what teachers do in the classroom faces serious challenges and difficulties.**

4. *Programs that alter pay and responsibilities can produce change.* Programs that simply attempt to develop a bonus or incentive program for individual teachers based on evaluations of their classroom work produce little change. Programs that call for teachers to take on different roles — and pay them on that basis — hold more promise.

5. *District pilot programs rarely work in the performance pay area.* Statewide innovation did not take place in states that tested teacher pay-for-performance programs using "pilot districts." Single-district initiatives, which not only met with teacher resistance but also often lacked sufficient resources and expertise to survive their early stages, did not provide fertile ground for the propagation of similar, culture-changing initiatives across the state.

6. *Rewards for what teachers do rather than for student achievement may be counterproductive to state accountability programs.* A decade ago, school reformers thought that teacher accountability was the engine that would drive school improvement. Today's state accountability systems focus instead on ***student*** outcomes, and the teacher rewards built into current accountability programs key on student performance. Teachers must be held accountable, but the issue is, ***how?*** We have learned that in schools, as in business, what gets rewarded is what gets done. Teacher evaluation systems linked to "pay for teacher performance" could shift the accountability focus away from the student and back to the teacher. Such a shift could siphon off resources, time and teacher attention that could be better invested in student achievement.

The pay-for-performance programs of the 1980's and 1990's did contribute to two significant changes in the way schools do business. First, they helped open the classroom door and bring teachers out of their traditional isolation, creating new school and district roles for them and increasing their sense of responsibility for school-wide success. Second, teachers began to rethink the need for the school principal to serve as the sole teacher evaluator, and they began to accept more observation and evaluation by their fellow teachers.

Pay for performance is a powerful idea, but implementing a program is difficult, and today's student-centered accountability systems may not be the best fit. States that consider pay-for-performance programs will do well to heed the lessons of the 1980's and 1990's.

School Incentive Programs Lead the Way Today

Today, Florida is the only SREB state actively pursuing bonuses based on individual teacher performance. Most SREB states are relying instead on school-focused incentive programs that promote high-level performance among teachers and principals by rewarding gains in student outcomes.

Florida's bonus plan grows out of legislation passed in 1997 and 1999. It requires districts to base a portion of each educator's compensation on individual performance. District plans are to be in place by June 30, 2002 and will allow teachers with outstanding performance (based on district evaluations) to receive an add-on bonus estimated at about 5 percent.

In other SREB states — and in states across the nation — the popularity of whole-school incentive programs continues to grow, burgeoning from six states in 1994 to 21 states by the end of 2001. Seventeen states include provisions for monetary awards, including 12 SREB states (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, North Carolina, South Carolina, Tennessee and Texas). Awards are given for improvement, as well as high performance, in 12 states (including nine SREB states).

Overwhelmingly, the awards are made to schools rather than individuals. North Carolina is the notable exception, where all teachers receive awards when a school meets or exceeds expectations for improving student performance. Twelve of the states that provide monetary awards permit but do not require the funds to be used to pay bonuses to staff — including nine SREB states.

SCHOOL INCENTIVE PROGRAMS WITH MONETARY AWARDS

	Basis for awards	Can awards be used for bonuses?	Awards are made to
Alabama	High and improved performance	No	Schools
Arkansas	High and improved performance	Yes	Schools
Delaware	High and improved performance	Yes	Schools
Florida	High and improved performance	Yes	Schools
Georgia	High and improved performance	Yes	Schools
Kentucky	High and improved performance	Yes	Schools
Louisiana	High and improved performance	No	Schools
Maryland	Improved performance	No	Schools
North Carolina	Improved performance	Yes	Teachers and certified staff
South Carolina	High and improved performance	Yes	Schools
Tennessee	High performance	Yes	Schools
Texas	High and improved performance	Yes	Schools

In 2001-2002, several SREB states are phasing in school incentive programs, and some have altered programs as they adjust to current economic conditions. Arkansas and South Carolina have deleted funds earmarked for school rewards; Alabama and Tennessee have reduced the funds originally appropriated. Texas has a small program in the second year of its two-year funding cycle so no funding is needed this year. Louisiana's program is fairly new and is not fully implemented, but $10 million is available in 2001-2002. Oklahoma is developing a school reward program.

How States Determine Awards

How do states determine whether schools qualify for awards? In SREB states with monetary award programs (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, North Carolina, South Carolina, Tennessee and Texas), all except Maryland, North Carolina and Tennessee use both high performance and improvement in making awards. Awards in Tennessee are based on high performance only. Those in Maryland and North Carolina are based only on improved performance.

All SREB states use test scores as one measure of a school's award eligibility. Other common measures include attendance and dropout and/or graduation rates. Florida includes a measure of postsecondary readiness, and Delaware, Florida and Kentucky give credit to schools for reducing numbers of low-performing students. North Carolina examines course-taking among high school students, and Georgia includes meeting individual school goals in its criteria.

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Funding and Distribution of School Incentives

Programs in six SREB states (Delaware, Florida, Georgia, Kentucky, Maryland and North Carolina) are fully operational in 2001-2002. In those states total state funding going to schools ranges from about $3 million in Delaware and Maryland to $76 million in Florida and North Carolina. The awards are distributed in a number of ways:

- An amount per student;
- An amount per teacher/certified staff;
- An amount per school;
- Or using a combination of factors

Florida distributes $100 per student to schools with high or improved performance. Georgia and Kentucky distribute funds to schools based on an amount per teacher. In Georgia, schools meeting individual school goals receive $2,000 per teacher and in Kentucky, high performing schools and those meeting improvement goals receive $960 per teacher. In North Carolina, teachers and certified staff in schools meeting improvement expectations receive $750 each. Those in schools exceeding improvement goals receive $1,500.

2001-2002 Reward programs in selected SREB states

	Total for awards (in millions)	Schools receiving awards	Percent of schools	Awards go to	Average award per school	Criteria for awards in addition to tests	Basis for awards
Delaware	$2.9	72	43.4%	Schools ($10,000 to $30,000)	$18,354		High and improved performance
Florida	$76.4	842	23.0%	Schools ($100 per student)	$90,736	Graduation/dropout; attendance; postsecondary readiness	High and improved performance
Georgia	$10.2	95	5.0%	Schools ($2,000 per teacher)	$107,368	Individual school goals	High and improved performance
Kentucky	$22.4	702	58.5%	Schools ($959 per teacher)	$31,908	Graduation/dropout; attendance	High and improved performance
Maryland	$2.8	61	5.0%	Schools (per school and per student)	$45,082	Graduation/dropout; attendance	Improved performance
North Carolina	$75.5	1,288	60.5%	Teacher/certified staff ($750 to $1,500)	$58,618	Dropout rates; course taking	Improved performance

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Delaware's program is based on a two-year cycle and provides an amount per school ranging from $20,000 to $60,000 for two years ($10,000 to $30,000 per year). Schools can qualify for awards in any or all of three categories: high performance; overall improved performance; and improved performance of low-performing students. Maryland allocates its awards on two factors: an amount per school, and an amount per student.

The average awards per school in the six states range from about $18,400 in Delaware to more than $107,400 in Georgia. With the exception of Maryland, all of these states can choose to use awards for bonuses.

Just as there is wide variation in state funding and in the amount of school awards, there also is wide variation in the percentage of schools that receive awards — ranging from 5 percent in Georgia and Maryland to nearly 60 percent in Kentucky. In North Carolina, teachers and certified staff in 60 percent of schools receive awards.

How Can We Be Sure That Every Student Has a Quality Teacher?

Can state leaders assure that every child in every classroom in your state — regardless of location, grade level or subject area — has a well-prepared, quality teacher? Chances are the answer to this question right now is "no."

Policies that promote the ability to attract, prepare and retain quality teachers will play an important role in supporting state accountability efforts and improved student performance. Incentive programs carefully targeted at each stage of the teacher development process can serve as powerful tools to build successful teacher-quality policies.

All SREB states are taking actions to attract and retain quality teachers. But how will state leaders know which efforts in your state are the most effective? State leaders cannot assure quality without a deep understanding of their state's teacher supply and demand equations. Careful policymakers should give close attention to:

- Early recruitment programs in high school and college.
- The performance of pre-service teacher education programs.
- Teacher hiring patterns.
- Programs that support and strengthen beginning teachers.
- Conditions in schools that increase or decrease teacher attrition, and to the ongoing professional development of teachers throughout their careers.

In each instance, carefully crafted and evaluated incentive programs can help insure that state policies accomplish their primary objective — steady gains in achievement for all students.

Questions to help policymakers determine what's working — and what's not

1. Have you targeted key policies to the teacher workforce needs of your state? Is your state collecting the information necessary for you to determine if programs that support these policies are effective?
2. What percent of teachers in your state leave teaching every year? What percent and how many are first-year teachers or have been in the classroom five years or less? How many teachers are retiring?
3. Do you know why teachers in your state leave the classroom? Are quality teachers retiring during their prime teaching years?
4. What kinds of incentives do you have to attract and support new teachers and encourage the best veteran teachers to remain in teaching? Do you have the information you need to know if the programs are effective?
5. Are new teachers in your state receiving the guidance and support they need early in their careers? Do policies in your state support opportunities for veteran teachers to use their expertise to improve teaching and learning and find new professional challenges that encourage career longevity?
6. Are the colleges, universities and alternative programs preparing enough teachers for the needs of your state? How diverse is your new-teacher workforce? Are teachers prepared in needed subject areas? Are teachers prepared to succeed in a variety of settings, including rural and inner-city schools?
7. Where are the graduates of each college, university or alternative program in your state taking jobs? Are there "gaps" in areas of your state where few new teachers are produced or choose to work?
8. Are certified teachers available and willing to return to teaching? Do you know under what conditions they might return? What kinds of incentives could be used to encourage available teachers to return? And what policies might help insure that those who do return can do a quality job?
9. Has your state identified the teachers who do not have the content background to teach subjects in the middle grades and high school? What policies are in place to ensure that these teachers have the content knowledge and specific teaching skills to increase student achievement?
10. Finally, given that more than 90 percent of a state's teachers continue from year to year, what assurances do you have that teachers who are already on the job in your state have the knowledge and skills to make a difference in student progress? Does your state accountability system include incentives for the continuous professional growth of teachers through standards-based staff development and advanced certification? Are professional development funds tied to state and local improvement goals?

Related SREB Publications:

Getting Beyond Talk: State Leadership Needed to Improve Teacher Quality

Once Again SREB States Lead the Nation in National Board for Professional Teaching Standards Certification

Reduce Your Losses: Help New Teachers Become Veteran Teachers

Teacher Salaries and State Priorities for Education Quality — A Vital Link

Teacher Supply and Demand in Tennessee

Focus on State Policies That Allow Retired Teachers to Return to the Classroom

Sources

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Oklahoma reports on supply and demand: www.okhighered.org/teachsupply.html

Tennessee reports on supply and demand: www.state.tn.us/education (under Statistics and Reports)

U.S. Department of Education
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